



Nebraska Public Employees Retirement Systems

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MEMORANDUM

TO: State Agency Employer Contacts and Payroll Personnel

FROM: **Nebraska Public Employees Retirement Systems**

DATE: September 29, 2006

RE: Implementing LB366 -- Immediate Plan Participation, Vesting, and Contribution Rate

The January 1, 2007, operative date for LB 366 is approaching. NPERS would like to remind you of the requirements and clarify information previously sent regarding the State Retirement Plan.

Through December 31, 2006 – When to Begin Deductions – An employee is eligible to join the Plan when he/she has completed 12 continuous months of employment.

- you should deduct retirement contributions starting the *first, full pay period* after the employee is eligible.

Effective January 1, 2007 – Immediate Participation – There is no longer a waiting period to participate in the plan.

Mandatory Participation:

- you must enroll all permanent, full-time employees that are *not yet* in the Plan (employed less than 12 continuous months). Working one-half or more of the regularly scheduled hours during each pay period is considered full-time
- you should deduct retirement contributions *starting with the first pay check paid on or after January 1, 2007* (M01 and B01). This could include time worked in 2006 and is consistent with current practices regarding non-retirement related deductions
- *upon hire*, you must enroll all permanent, full-time employees and should deduct retirement contributions *starting with their first pay check* (M01 and B01)

Voluntary Participation:

- all permanent, part-time employees age 20 and older working at least 20 hours per week *may elect* to begin participation immediately
- Temporary employees are not eligible to participate

Effective January 1, 2007 – Contribution Rate –

- the contribution rate will be **4.8%** of annual compensation
- you should deduct retirement contributions at the 4.8% rate *starting with the first pay check paid on or after January 1, 2007* (M01 and B01)
- NIS Plan RET00001 will be the only plan used. DBA 1110, which is assigned to RET00001, will be changed to calculate at 4.8%
- Benefits will stop any active enrollments in RET00000
- Any enrollments in RET00000 with a begin date after January 1, 2007 are to be deleted by the agency
- Any enrollments in RET00001 with a begin date after January 1, 2007 will need to be changed to the first day of the pay period to be paid after January 1, 2007

Effective January 1, 2007 – Vesting –

- vesting will occur after **three** years of plan participation. There will initially be a number of employees with a combination of prequalification time plus actual participation in the Plan that totals three years.

Example: An employee who began employment with the State on June 1, 2006, will have six months of prequalification time before the January 1, 2007, operative date. After working an additional two years and six months, the employee will be vested.

If you have any questions or need further information, please contact NPERS.